

Written
To Be Read On
Arrival



AIR CONDITIONING AND REFRIGERATION *News*

BULLETIN
EDITION
Oct. 1, 1945

Single Copy, 20 Cents
\$4 per Year; 2 Years for \$7

Published Every Monday by Business News Pub. Co.
5229 Cass Ave., Detroit 2, Mich.

Vol. 46, No. 5, Serial No. 863
Member: A.B.P., Inc., A.B.C.

OPA IS COLD TO APPLIANCE DISTRIBUTORS' PLEA FOR GREATER PROFIT MARGIN

Efforts of electrical appliance distributors to persuade OPA to change its reconversion price policy from one of cost absorption to a plan which would permit wholesalers and retailers to pass on increased costs to the consumer have failed, for all practical purposes at least, say distributors following a recent meeting in Washington, D. C., with OPA officials.

Statements by OPA officials that the agency would consider the suggestion brought little satisfaction to the distributors, they declared.

OPA's thinking on the distributions' contention that they will suffer from the cost absorption policy is that individual dealers and distributors can obtain relief from pricing regulations if their net returns drop below the industry average for the prewar base period.

Appliance wholesalers attempted to point out, however, that specialty selling requires a setup quite different from that of commodity wholesalers, and the necessity of extensive sales promotional campaigns, and sales training programs, for example, all of which may not be possible under restricted profit margins.

Emphasized also by distributors was the need for extensive selling forces and promotional efforts to move goods fast enough to maintain high employment levels. This too, they said, would require greater margin of profit than permitted by present pricing policies.

OPA CHIEF BOWLES CHARGES APPLIANCE FIRMS ARE RETARDING RECONVERSION PRICING BY FAILURE TO SUBMIT COST INFORMATION TO OPA

Replying to growing criticism that the OPA's pricing machinery is slowing reconversion, Price Administrator Chester Bowles last week declared that a number of industries have not submitted cost information for price ceilings on their peacetime products.

About half of the firms making refrigerators, radios, electric ranges, vacuum cleaners, small electrical appliances, and innerspring mattresses have not yet furnished OPA with the requested information, despite three and a half months' effort by OPA, charges Mr. Bowles.

"Until manufacturers send us the information we have requested, we can't do a fair and thorough job of pricing," he declared.

PRODUCTION OF GAS STOVES CLIMBING; 'NEW MODELS' FACE DELAYS

Production of gas stoves is increasing and is expected to be at the rate of 150,000 a month in December, 1945, government agencies report.

By June, 1946, it is estimated that production will be at the rate of 220,000 per month, well above the average monthly rate of 165,000 for the prewar year, July 1, 1940-June 30, 1941

New models of gas stoves will not appear on the market until some time in 1946, because they require new dies which are not yet obtainable, government authorities stated. Production at least through the early months of 1946 will be limited to present models with only such slight modifications as can be made with existing dies.

WESTINGHOUSE TO SELL NEW APPLIANCES AT LAST PREWAR PRICE LEVELS

Westinghouse appliances will be marketed at their last prewar prices as a "direct fight against inflationary trends," announces J. H. Ashbaugh, vice president and head of the Westinghouse Electric Appliance Division.

"We will do everything in our power to keep increased costs out of our manufacturing, sales, and distribution work in an effort to maintain prewar price levels, or, if possible to reduce them," he said. "This policy can only continue if, after a period of production experience, it is found that labor, materials, and other cost factors make a reasonable profit margin a possibility.

"If some of the known increases in these items cannot be offset by increased manufacturing efficiencies, or future increases in these factors creep in, our objective could be defeated. However, we look forward to increased efficiencies and an expanded volume of production that may offset some of these increased costs," declared Mr. Ashbaugh.

THREE MANUFACTURERS OF APPLIANCES REVEAL STATUS OF PRODUCTION OF CERTAIN ITEMS

Three manufacturers of appliances last week made known the state of progress on production of certain items in their lines.

Westinghouse announced that both floor-type and "hand-vac" models of its vacuum cleaner line are now being produced, and that tank-type models will come along in the near future. Features of the new models include "stepped wheels" which automatically adjust the distance from the rug nap to the cleaner nozzle, and a "penetrator brush."

Apex Electrical Mfg. Co. of Cleveland, producer of domestic laundry equipment, declared that assembly lines on washers, ironers, and vacuum cleaners would be running by the first of October.

Company officials declared that they are "ignoring" the question of price ceilings at the present time, but expect that the proper price level "will be forthcoming within a reasonable period."

Stewart-Warner Corp. began a "pilot run" of home radio receiving sets for its 14-model line of radios and radio-phonographs.

STOCKHOLDERS APPROVE MERGER OF UNIVERSAL COOLER AND UTAH RADIO PRODUCTS WITH INTERNATIONAL DETROLA CORP.

The merger of Universal Cooler Corp., Marion, Ohio, and Utah Radio Products Co., Chicago, into International Detrola Corp. was approved Sept. 26 by more than the required two thirds vote of each stock in shareholders meetings conducted by all three companies. It is expected the merger will be effective Oct. 31, 1945. The meetings were held in Detroit, Chicago, and Elkhart, Ind., respectively.

The merger provides for exchange of one Utah share for 6/10 of a share of Detrola, one share of Universal Cooler Class A no-par stock for one of Detrola, and one share of Universal Cooler Class B for 1/4 of a share of Detrola.

The merger unites companies with a total of nine manufacturing plants in this country and two in Canada. The products of these plants include home and automobile radio receivers, loud speakers and other radio component parts, commercial refrigerating units, domestic refrigerators, and furniture cabinets.

International Detrola's general and executive offices are in Detroit at 1501 Beard Ave.

GAMBLE STORES ACQUIRES BIG INTEREST IN WESTERN AUTO SUPPLY CO.

Gamble Stores, Inc., of Minneapolis, has acquired a substantial interest in Western Auto Supply Co., Kansas City, through a purchase of 100,000 shares of stock from Don A. Davis, retiring board chairman of Western Auto Supply Co.

As a result of this purchase and 43,500 shares previously acquired, Gamble Stores becomes the largest stockholder of Western Auto. B. C. Gamble, founder of Gamble Stores, has been elected to the board of directors of the Kansas City firm. Both concerns sell major appliances.

RETAILERS PREPARE TO FIGHT RETURN OF 'INDUSTRIAL SELLING' TRADE DIVERSION

With appliances on the way back, retailers are preparing to renew attacks on sales at discounts by industrial concerns to their employees—the practice known as “trade diversion” which before the war diverted an estimated \$1½ billions worth of goods from legitimate retail channels annually. Scarcity of goods during the war more or less eliminated “industrial selling.”

Laws barring this type of sale have been enacted in six states: Illinois, Wisconsin, Minnesota, Michigan, Ohio, and Pennsylvania.

Recently the Illinois Federation of Retail Association offered three suggestions to its members for combatting this practice:

- (1) Formation of local retailer-manufacturer committees to stop the practice before it gets started.
- (2) Continuation of friendly contacts with the Illinois Manufacturers Association “to aid in the dissemination of factual information.”
- (3) Creation of a national committee, “possibly through the American Retail Federation and the National Association of Manufacturers to develop this program intensively.”

Meanwhile in New York City at a product meeting attended by 1,200 retailers the D. W. May Corp. distributorship announced that it would refuse to sell directly or indirectly to “discount houses” or concerns engaged in industrial selling, would vigorously enforce state fair trade contracts on appliances, and would limit outlets to carefully chosen dealers.

D. W. May told the meeting of the vital necessity of combatting cut-price and industrial selling once the rush of early buying ceases and the period of normal production and consumption is entered.

“These evils,” he said, “are in truth a cancer to the good retailers, as well as the manufacturer, ravaging and eventually undermining the entire fabric of controlled and profitable business.”

The D. W. May Corp. is distributor for Coolerator refrigerators, Farnsworth radio and television receivers, Filter Queen vacuum cleaners, and Ken-Rad radio tubes.

RADIO PRODUCERS SAY OPA PRICING FORMULA WILL CURTAIL PRODUCTION

If the Office of Price Administration persists in applying its reconversion pricing formula to radio parts, radio-set production will be hobbled, with the War Production Board's plans for completion of 3,500,000 sets by Jan. 1 far from achieved, it was asserted by industry members at a recent meeting in the OPA's offices in New York City.

After listening to demands for suspension of the formula and charges that OPA had turned a deaf ear to industry counsel, the agency officials asked the parts manufacturers to submit by Sept. 26 detailed cost information on which to base price increases.

Describing the situation as “very unsatisfactory,” R. C. Sprague, president of Sprague Electric Co., North Adams, Mass., and chairman of the radio-parts manufacturers industry advisory committee, declared that radio-parts makers were refusing to accept orders for substantial quantities of their products because they face “heavy losses” in proceeding with prices based on industry-wide averages and basic wage rates “which cover only a portion of the increases in general and administrative expenses experienced by this industry.”

J. H. Robinson, vice president, American Radio Hardware Corp., Mount Vernon, N. Y., wanted to know what objection there was to letting the industry level off prices by itself through competition.

Others of the 60-odd industry members from New England and Middle Atlantic states explained that the number of radio-parts manufacturers had more than tripled during the war, and that intense competition could be expected with resulting price reductions.

DETROIT REFRIGERATION SERVICE MEN GIVEN RUN AROUND IN GAS STRIKE

Detroit refrigeration service men, given a "yes—and no" essential standing by the Oil Workers Union (CIO), sometimes were able to get gasoline for service calls during the general strike last week, and sometimes were not, according to Raymond M. Shock, executive secretary of the Refrigeration Contractors Association of Detroit.

The union's policy committee on Monday set up a list of essential occupations to which they were willing to supply gasoline throughout the strike. Appliance mechanics, in on Monday, were withdrawn wholesale on Tuesday, Mr. Shock said.

His immediate protest to Senators Ferguson and Vandenberg made the front page of Wednesday's *Detroit News*, but apparently worked little change in the union's thinking.

"To hell with the food. Let it spoil," was the union's answer.

By Wednesday night and Thursday refrigeration service men in some instances were waved ahead at their neighborhood stations. A union representative at each station made the final decision.

In other instances they were given a "Why don't you join the union" runaround, they reported. "Get a union card, pay your dues—and you can get all the gas you want," was the gist of these routines, they said.

MANUFACTURERS TO STUDY DISTRIBUTION PROBLEMS AT CLEVELAND MEETING OCT. 3

Sponsored by the National Association of Manufacturers and the Associated Industries of Cleveland a clinic on distribution problems for top management executives will be conducted Wednesday, Oct. 3, at Cleveland in the Hotel Cleveland.

Presiding at the morning session will be Clarence L. Collens, chairman of Reliance Electric & Engineering Co. Talks will include "The Customer Will Be Boss," by Prof. Ray E. Untereiner; "Spotlight on Key Personnel," by Earl Bunting, president, the O'Sullivan Rubber Co., Inc.; "Are Dealers With You?" by T. F. Joyce, general manager of Raymond Rosen & Co.

A luncheon session will feature Arthur H. "Red" Motley, publisher of the *American Magazine*, discussing "Sell—or Go Bust." R. V. Mitchell, chairman of Harris-Seybold-Potter Co., will preside.

Major discussion topics for the afternoon's round table meeting include "Management Moves the Merchandise," "Cutting Corners on Costs," and "Promotion Pays Off."

IRONRITE IRONER CO. WILL MOVE MANUFACTURING FROM DETROIT TO MT. CLEMENS, MICH.

Ironrite Ironer Co. of Detroit has purchased a plant in nearby Mt. Clemens, Mich., formerly used to produce automobile trailers, and will transfer its operations there. According to H. A. Sperlich, who with J. H. Uhlig, founded the firm in 1911, the Ironrite company was doing 40% of the ironer business in its price class when production was stopped in 1942.

ASHVE STARTS DRIVE FOR FUNDS FOR EXPANDED PROGRAM OF RESEARCH

Appointment of a special Committee on Research Fund Raising has been announced by Dr. C.-E. A. Winslow, president of the American Society of Heating and Ventilating Engineers. Its membership is: Dr. A. C. Willard, president of University of Illinois, Urbana, Ill.; W. L. Fleisher, consulting engineer, New York City; E. Holt Gurney, president, the Gurney Foundry Co., Ltd., Toronto, Ont., Canada; E. N. McDonnell, president, McDonnell & Miller, Chicago; Dr. B. M. Woods, director of University Extension, University of California, Berkeley, Calif.; J. Herbert Walker, vice president, the Detroit Edison Co., Detroit.

The objective of the committee is to supervise the fund raising for the society's enlarged program of research at its laboratory in Cleveland and in cooperating institutions. The goal set by the Committee on Research to meet current research needs is budgeted at \$110,000 for the next three years.